

June 4, 2003

Opening Statement by Congressman Paul E. Gillmor
House Financial Services Committee
Subcommittee on Financial Institutions and Consumer Credit Hearing entitled, "Fair
Credit Reporting Act: How it Functions for Consumers and the Economy"

Thank you, Mr. Chairman, for holding this second important hearing on the Fair Credit Reporting Act (FCRA) and for your leadership on this issue. Ensuring a uniform national standard for consumer protections governing credit transactions is one of the most important tasks this committee will face in the 108th Congress.

As we are all now aware, on January 1, 2004 these standards as established in the FCRA will expire and states will again have the ability to enact differing regulations. As Federal Reserve Board Chairman Alan Greenspan stated, before this committee on April 30, 2003 in response to a question I posed on the FCRA:

[T]here is just no question that unless we have some major sophisticated system of credit evaluation continuously updated, we will have very great difficulty in maintaining the level of consumer credit currently available because clearly, without the information that comes from various credit bureaus and other sources, lenders would have to impose an additional risk premium because of the uncertainty before they make such loans or may, indeed, choose not to make those loans at all.

Congress enacted the FCRA in 1970, to bring the consumer credit reporting industry under Federal regulation and to create a uniform system of rights governing credit reporting transaction. This mandate has been incredibly successful and allowed for the creation of the sophisticated system we have today. It has greatly expanded consumer access to credit and allowing individual states to enact their own standards would undoubtedly risk its collapse.

Extending these uniform standards have been endorsed by both Treasury Secretary Snow and Chairman Greenspan, who made his support explicit with these remarks before also before our committee, "I've been in favor of national standards here for reasons which are technically required. If you have very significant differences state by state, it would be very hard to maintain as viable a system as we currently have."

Thank you again, Mr. Chairman, for continuing our dialogue on this issue and I look forward to swift committee action.